Nos. 74-1589, 74-1590

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IN THE

Supreme Court of the United States

OCTOBER TERM, 1975

No. 74-1589

GENERAL ELECTRIC COMPANY, *Petitioner,*

v.

MARTHA V. GILBERT, INTERNATIONAL UNION OF ELECTRICAL, RADIO AND MACHINE WORKERS, AFL-CIO-CLC, *et al.*

No. 74-1590

MARTHA V. GILBERT, INTERNATIONAL UNION OF ELECTRICAL, RADIO AND MACHINE WORKERS, AFL-CIO-CLC, *et al., Petitioners,*

v.

GENERAL ELECTRIC COMPANY.

On Writ of Certiorari to the United States Court of Appeals for the Fourth Circuit

BRIEF OF THE CHAMBER OF COMMERCE OF THE UNITED STATES OF AMERICA AS AMICUS CURIAE IN SUPPORT OF PETITIONER GENERAL ELECTRIC COMPANY

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INDEX

Page

INTEREST OF AMICUS 1

SUMMARY OF ARGUMENT 3

ARGUMENT 6

A. The Exclusion of Pregnancy Benefits Does Not Affect Women in an Area Where They Are Similarly Situated With Men 6

B. Pregnancy, Just as Any Other Physical Disability, May Be Excluded from Insurance Coverage on Any Reasonable Basis 9

C. The EEOC's Sex Discrimination Guidelines Are Invalid and Are Entitled To No Weight 15

1. *Aiello* Repudiated These Guidelines 15

2. Independent Considerations Demonstrate These Guidelines Are Invalid 16

a. The Commission's sex discrimination guidelines do not constitute a contemporaneous construction of Title VII 17

b. The pregnancy guidelines were not issued with the evident thoughtfulness that marks agency expertise 20

CONCLUSION 25

APPENDIX 1a

INDEX OF AUTHORITIES CITED

CASES:

Alabama v. United States, 304 F.2d 583 (CA 5), aff'd mem., 371 U.S. 37 (1962) 11

Albemarle Paper Co. v. Moody, 43 U.S.L.W. 4880 (June 25, 1975) 20

Cleveland Board of Education v. LaFleur, 414 U.S. 632 (1974) 11

Cohen v. Chesterfield County School Board, 414 U.S. 632 (1974) 21

Page

Columbia Broadcasting Sys., Inc. v. U. S., 316 U.S. 407 (1942) 21

Contractors Ass'n of Eastern Pa. v. Secretary of Labor, 442 F.2d 159 (CA 3), cert. denied, 402 U.S. 944 (1971) 11

Dewey v. Reynolds Metal Co., 402 U.S. 689 (1971) 9

Espinoza v. Farah Mfg. Co., 414 U.S. 86 (1973)..5, 17, 22

Gatson County v. United States, 395 U.S. 285 (1969) .. 11

Geduldig v. Aiello, et al., 417 U.S. 484 (1974)..3, 4, 5, 6, 7, 8, 9, 10, 11, 14, 15, 16

Glidden Company v. Zdanok, 370 U.S. 530 (1962) 23

Griggs v. Duke Power Company, 401 U.S. 424 (1971) 5, 11, 12, 13, 14, 15, 22, 23

Hodgson v. Behrens Drug Co., 475 F.2d 1041 (5th Cir.), cert. denied, 414 U.S. 822 (1973) 14

Jefferson v. Hackney, 406 U.S. 535 (1972) 12-13, 14

Jones v. Lee Way Motor Freight, Inc., 431 F.2d 245 (CA 10, 1970), cert denied, 401 U.S. 954 (1971) .. 11

Local 189 United Paper Makers and Paper Workers v. United States, 416 F.2d 980 (CA 5, 1969) 14

Louisiana v. United States, 380 U.S. 145 (1965) 11

N.L.R.B. v. Boeing Co., 412 U.S. 61 (1973) 20

Newman v. Delta Air Lines, 374 F. Supp. 238, 7 F.E.P. Cases 26 (N.D.Ga. 1973) 14, 21, 22

Norwalk CORE v. Norwalk Redevelopment Agency, 395 F.2d 920 (CA 2, 1968) 11

Papermakers Local 189 v. United States, 416 F.2d 980 (CA 5, 1969), cert. denied, 397 U.S. 919 (1970) .. 11

Phillips v. Martin-Marietta Corp., 400 U.S. 542 (1971) 8

Robinson v. Lorillard Corporation, 444 F.2d 791 (CA 4, 1971) 19

Skidmore, et al. v. Swift and Co., 323 U.S. 134 (1944). 17

United States v. Chesterfield County Dist., 484 F.2d 70 (4th Cir. 1973) 7

Williams v. New Orleans Steamship Assn., 341 F.Supp. 613 (E.D.La., 1972) 20

Page

STATUTES:

Administrative Procedure Act, Section 4, 5 U.S.C., Section 553 21

Civil Rights Act of 1964
Section 701, *et seq.*, 42 U.S.C., Sections 2000e, *et seq.* *passim*
Section 701(j), 42 U.S.C., Section 2000e(j) 8-9
Section 703(a), 42 U.S.C., Section 2000e-2(a) 8
Section 713(a), 42 U.S.C., Section 2000e-12(a) 23

National Labor Relations Act, 29 U.S.C., Sections 151, *et seq.* 23

Railroad Unemployment Insurance Act of 1946, 45 U.S.C., Section 351(k)(z) 22

MISCELLANEOUS:

110 Cong. Rec. 2575 23

117 Cong. Rec. H9368 (daily ed. October 12, 1971) 23

H.R. Rep. No. 92-359, 92nd Cong., 1st Sess. 7 (1971) .. 23

S. Rep. No. 92-689, 92nd Cong., 1st Sess. 12 (1972) 23

Davis, Administrative Law Text, Section 5.03 (1959) .. 17

CCH Employment Practices 12-21-66 Paragraph 17, 304.43 18

CCH New Developments Paragraph 8804, EEOC Attorney Discusses Sex Discrimination and Fringe Benefits Under Title VII, 1964 Civil Rights Act .. 19

Legislative History of Equal Employment Opportunity Act of 1972 (GPO, November, 1972) 9

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INTEREST OF AMICUS CURIAE *

The Chamber of Commerce of the United States of America is a federation consisting of a membership of

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* Consents of all parties for participation of the amicus have been filed with this Court.

over thirty-seven hundred (3,700) state and local chambers of commerce and professional and trade associations, a direct business membership in excess of fifty-two thousand (52,000), and an underlying membership of approximately five million (5,000,000) business firms and individuals. It is the largest association of business and professional organizations in the United States.

In order to represent its members' views on questions of importance to their vital interests and to render such assistance as it can to this Court's deliberations in such areas, the Chamber has frequently participated as *amicus curiae* in a wide range of significant labor relations matters before this Court; *e.g.; Geduldig* v. *Aiello, et al.,* 417 U.S. 484 (1974); *Griggs* v. *Duke Power Company,* 401 U.S. 424 (1971); *Connell Construction Company, Inc.* v. *Plumbers and Steamfitters Local Union No. 100, etc.,* No. 73-1256; *Boy's Markets* v. *Retail Clerks Union,* 398 U.S. 235 (1970); *H.K. Porter Co.* v. *N.L.R.B.,* 397 U.S. 99 (1970); *Sears, Roebuck and Co.* v. *Carpet Layers, Local 419,* 397 U.S. 655 (1970); *Super Tire Engineering Co., et al.* v. *McCorkle, et al.,* 416 US 115 (1974). The Chamber has participated as an *amicus* in the court below.

There are issues in this case that are of major importance to the Chamber's members: whether an employer may exclude pregnancy and related conditions from his disability program without being guilty of illegal sex discrimination under Title VII of the Civil Rights Act of 1964 (42 U.S.C. §§ 2000e to 2000e-15), and what deference is due to the Equal Employment Opportunity Commission's new pregnancy guidelines. These issues are matters of national concern because

most employers have benefit policies, and most employers come within the provisions of Title VII of the Civil Rights Act. Further, the collective bargaining agreements of a substantial number of these employers contain provisions concerning the payment of fringe benefits. The Chamber is, thus, vitally concerned that these questions be properly resolved. Because of its broad representation of employers, the Chamber is in a position to present arguments to this Court which might not otherwise be advanced by the parties.

Indeed, as stated, the Chamber participated as an *amicus curiae* in *Geduldig* v. *Aiello, supra,* and it appears from reading the Court's *Aiello* opinion that the Chamber's arguments were carefully and favorably considered.

SUMMARY OF ARGUMENT

The crucial issue here is whether an employer may exclude pregnancy and related conditions from his disability program without being guilty of illegal sex discrimination under Title VII. This issue has been propelled into national prominence not only by the expanded coverage of Title VII and the fact that most employers have illness or benefit plans, but also due to this Court's recent decision in *Geduldig* v. *Aiello,* 417 U.S. 484 (1974).

The Court in *Aiello* recognized explicitly there can be no prohibited sex discrimination unless men and women, otherwise similarly situated, are unequally treated solely because of sex. That is, unequal treatment between different categories of the same sex is not proscribed discrimination because of sex. It necessarily follows, as the *Aiello* Court held, that excluding pregnancy from a benefit plan is not interdicted sex

discrimination inasmuch as this exclusion does not affect women in an area where they are similarly circumstanced with men.

The *Aiello* analysis is apposite to and dispositive of the issues here presented. Since both the Fourteenth Amendment and Title VII represent interdictions against discrimination, the test to determine whether these equivalent proscriptions have been violated should be identical absent an explicit expression from this Court manifesting a contrary intent. Such an enunication is absent here. Indeed, whether the validity of a pregnancy exclusion is contested under Title VII or the Fourteenth Amendment, the facts are identical: an insurer's [1] rules concerning benefits related to pregnancy do not affect women in an area where they are similarly situated with men; the exclusion of pregnancy is merely the removal of one physical condition from the list of compensable disabilities; whatever unequal treatment existed because of this exclusion occurred between different categories of the same sex; under a plan excluding pregnancy there is no risk from which men are protected and women are not. Accordingly, the exclusion of pregnancy disability from a list of compensable disabilities should no more support a finding of proscribed sex discrimination under Title VII than under Amendment Fourteen.

Furthermore, the Court observed in *Aiello* that where the inclusion of pregnancy benefits will result in increased premiums or decreased benefit payments for other covered disabilities, the exclusion of these benefits is legitimate and reasonable. Inasmuch as the

[1] As used herein the word "insurer" means employers who either pay maternity benefits as self-insurers or as purchasers of such coverage from the independent insurance companies.

objective of both state and private insurers is to construct a comprehensive benefit program at a minimal cost, it follows that the test of legitimacy also should be equivalent whether the Fourteenth Amendment or Title VII is involved. To read *Aiello* as not applying to private insurers would produce the anomaly where a state, possessing manifold resources from which to obtain funds, nevertheless would be permitted to exclude pregnancy from its benefit program as too costly, while a private insurer lacking such resorts could be required to endure the exorbitant cost of coverage or to terminate utterly his benefit program.

In addition to the foregoing, this case presents an issue that permeates many Title VII cases: under what circumstances should courts defer to the Equal Employment Opportunity Commission's guidelines. There is need for the Court to again address the issue since many courts have failed to adhere to the teachings of *Griggs* and *Espinoza* [2] that the Commission's guidelines are entitled to weight only if the conclusion is inescapable that they comport with the Congressional intent. When this standard is applied, the guideline involved in the instant cause (Section 1604.10, adopted 1972), is entitled to no weight, and therefore the court below erred in deferring to the Commission's view of Title VII.

[2] *Griggs* v. *Duke Power Company*, 401 U.S. 424 (1971); *Espinoza* v. *Farah Mfg. Co.*, 414 U.S. 86 (1973).

ARGUMENT

THE EXCLUSION OF PREGNANCY BENEFITS FROM AN INSURANCE PROGRAM DOES NOT INHERENTLY CONSTITUTE PROSCRIBED SEX DISCRIMINATION

The Chamber contends that an employer should not be required by Title VII to provide benefits for pregnancy on the same terms as he provides benefits for illness or injury. Furthermore, the Chamber urges that the EEOC's guideline containing this requirement is invalid and entitled to no weight by this Court.

The *amicus* draws cogent support for his position from the Court's decision in *Geduldig* v. *Aielio, supra.* There the Court held that a state disability insurance program may exclude from coverage disability caused by normal pregnancy and childbirth without violating the Equal Protection Clause of the Fourteenth Amendment. The Chamber asserts that the *Aiello* Court's analysis is apposite to and dispositive of similar issues arising under Title VII.

A. The Exclusion of Pregnancy Benefits Does Not Affect Women in an Area Where They Are Similarly Situated With Men.

As the Court in *Aiello* recognized explicitly, there can be no prohibited sex discrimination unless men and women, otherwise similarly situated, are unequally treated solely because of sex. That is, unequal treatment between different categories of the same sex is not proscribed discrimination because of sex. It necessarily follows, as the *Aiello* Court held, that excluding pregnancy from a benefit plan is not interdicted sex discrimination inasmuch as this exclusion does not affect women in an area where they are similarly circumstanced with men. In reaching this conclusion, the

Court expressly rejected the position urged by the dissenters in *Aiello.* Thus, fundamental to the dissenters' position was the premise that the exclusion of a sex-related disability, such as pregnancy, *per se* amounted to proscribed sex discrimination.[3] In repudiating this view, the *Aiello* Court held instead that California's benefit plan did not constitute prohibited sex discrimination, though pregnancy was excluded, since under the plan "... there is no risk from which men are protected and women are not." 417 U.S. at 496-497.

There is nothing in *Aiello* that suggests that the Court's analysis of what may in fact constitute prohibited sex discrimination is inapplicable when Title VII, rather than the Fourteenth Amendment, is involved. Moreover, it is apparent that the conclusions concerning the legitimacy of California's insurance program reasonably apply with equal vitality in Title VII cases, when private benefit programs which exclude only pregnancy from compensable disabilities are examined to determine whether or not prohibited sex discrimination exists. Thus, since both the Fourteenth Amendment and Title VII represent interdictions against discrimination, the test to determine whether these equivalent proscriptions have been violated should be identical absent an explicit expression from this Court manifesting a contrary intent.[4] Moreover,

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[3] The dissenters stated " . . . dissimilar treatment of men and women, on the basis of physical characteristics inextricably linked to one sex, inevitably constitutes sex discrimination." 417 U.S. at 501.

[4] In *United States* v. *Chesterfield County School District, S. C.,* 484 F.2d 70, 73 (CA 4, 1973), the court held: "the test of validity under Title VII is not different from the test of validity under the fourteenth amendment."

whether the validity of a pregnancy exclusion is contested under Title VII or the Fourteenth Amendment, the facts of the situation are identical: an insurer's rules concerning benefits relating to pregnancy do not affect women in an area where they are similarly circumstanced with men. That is, deprivation of pregnancy benefits does not in fact constitute dissimilar treatment for men and women since there is no risk from which men are protected and women are not, whether Title VII or the Fourteenth Amendment is involved. Accordingly, the exclusion of pregnancy disability from a list of compensable disabilities should no more support a finding of proscribed discrimination under Title VII than under Amendment Fourteen.

The Chamber's contentions here are endorsed by a comparison of *Aiello* with *Phillips* v. *Martin-Marietta Corp.*, 400 U.S. 542 (1971). These decisions demonstrate that the variables employed to determine whether proscribed sex discrimination exists are identical whether Amendment Fourteen or Title VII is involved. As stated, *Aiello* recognized that there can be no prohibited sex discrimination unless men and women, otherwise similarly situated, are unequally treated solely because of sex. Similarly, *Martin* held that under Title VII there can be no proscribed sex discrimination unless men and women, who are otherwise equally qualified for the same job are treated unequally solely because of sex. "Section 703(a) of the Civil Rights Act of 1964 requires that persons of like qualifications be given employment opportunities irrespective of their sex." 400 U.S. at 544.[5]

[5] In 1972 Congress amended the definition of "religion" set forth in Section 701(j) to broadly include "all aspects of religious observance and practice, as well as belief . . ." in order to require

Consequently, the attempt by the court below to distinguish *Aiello because* that case did not involve private insurance plans and Title VII must fail. There has been no showing of proscribed sex discrimination whether Title VII or the equal protection clause is involved.

B. Pregnancy, Just as Any Other Physical Disability, May Be Excluded from Insurance Coverage on Any Reasonable Basis.

In addition to holding the California plan valid for reasons set forth in part A of this brief, the Court in *Aiello* recognized that the insurer has a reasonable and legitimate interest in utilizing available benefit funds effectively and in maintaining contribution rates at a level that will not burden those who require insurance coverage.[6] Thus, the Court observed that where

employers to fully adjust their work schedules to accommodate religious practices. As the sponsor of this amendment stated, his purpose was to resolve any uncertainty as to the scope of religious protection resulting from this court's ruling in *Dewey* v. *Reynolds Metals Co.*, 402 U.S. 689 (1971). Legis. Hist. of Equal Employment Opportunity Act of 1972 (GPO November 1972) p. 713 (remarks of Senator Randolph). Congress' failure to also broaden the scope of sex discrimination protection must be taken as demonstrating Congress' approval of this Court's *Martin* rationale, and this legislative history is further support for the position advanced by the Chamber herein.

[6] The Court stated in *Aiello:*

> "The State has a legitimate interest in maintaining the self-supporting nature of its insurance program. Similarly, it has an interest in distributing the available resources in such a way as to keep benefit payments at an adequate level for disabilities that are covered, rather than to cover all disabilities inadequately. Finally, California has a legitimate concern in maintaining the contribution rate at a level that will not unduly burden participating employees, particularly low-income employees who may be most in need of the disability insurance." 417 U.S. at 496.

the inclusion of pregnancy benefits will result in increased premiums or decreased benefit payments for other covered disabilities, the exclusion of pregnancy is legitimate and reasonable. *Aiello* at 493-494.

The Chamber believes that this aspect of *Aiello,* like that discussed in part A, *supra,* is equally apposite to the similar issues arising under Title VII in this case. In *Aiello,* the Court upheld the exclusion of pregnancy since this exclusion was rationally related to the State's legitimate cost saving interests in maintaining an efficient insurance program. There is no logical reason to subject private insurers to a more stringent test when the legality of an exclusion of pregnancy related disabilities is at issue.[7] Rather, as stated, since both the Fourteenth Amendment and Title VII represent interdictions against discrimination, the test to determine whether these proscriptions have been violated should be identical absent an explicit expression from this Court manifesting a contrary intent.

Furthermore, inasmuch as the objective of both state and private insurers is to construct a comprehensive benefit program at a minimal cost, it follows that the test of legitimacy also should be equivalent whether the Fourteenth Amendment or Title VII is involved.[8]

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[7] In California, it appears that approximately 10% of the disability insurance there written is administered by private employers. These employers are required by California law to provide benefits identical to or greater than those provided by the state. Unless *Aiello* applies to private insurers, the state will be permitted to exclude pregnancy from its plan while a private insurer who models his plan after the state's may be denied this right. Such a result would be grossly inequitable.

[8] There can be no doubt that the development of the equal employment opportunity law under Title VII of the Civil Rights Act of 1964 has been significantly affected by concepts first enunciated in equal protection cases involving education, voting or other civil rights. See, *e.g., Griggs* v. *Duke Power Co.,* 401 U.S. 424 (1971) (citing *Gatson County* v. *United States,* 395 U.S. 285 (1969) (re. educational disadvantage and voting standards); *Contractors Ass'n of Eastern Pa.* v. *Secretary of Labor,* 442 F.2d 159 (CA 3), *cert. denied,* 402 U.S. 944 (1971), and *Norwalk CORE* v. *Norwalk Redevelopment Agency,* 395 F.2d 920 (CA 2, 1968) (re. the appropriateness of color conscious remedial action in public school employment and in public housing matters); *Jones* v. *Lee Way Motor Freight, Inc.,* 431 F.2d 245 (CA 10, 1970), *cert. denied,* 401 U.S. 954 (1971) (citing *Alabama* v. *United States,* 304 F.2d 583 (CA 5), *aff'd. mem.,* 371 U.S. 37 (1962) (re. the significance of statistical evidence showing that blacks had not served on juries in areas in which blacks constituted a substantial part of the population); *Papermakers Local 189* v. *United States,* 416 F.2d 980 (CA 5, 1969), *cert. denied,* 397 U.S. 919 (1970) (citing *Louisiana* v. *United States,* 380 U.S. 145 (1965) and other cases) (re. facially neutral standards in voting registration as perpetuating past discrimination). Thus, the constitutional and statutory precedents have been basically merged. Now that Title VII has been made applicable to the employment practices of state and local governments by the Equal Employment Opportunity Act of 1972, the need for consistency in the principles applicable to public and private employers is even more apparent. See *Cleveland Board of Education* v. *LaFleur,* 414 U.S. 632, 638 n.8 (1974).

To read *Aiello* as not applying to private insurers would produce the anomaly where a state, possessing manifold resources from which to obtain funds, nevertheless would be permitted to exclude pregnancy from its benefit program as too costly, while a private insurer lacking such resorts could be required to endure the exorbitant cost of coverage or to terminate utterly his benefit program.[9]

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[9] The *amicus* has provided relevant examples of the cost factor in Appendix A of this brief It is beyond dispute that inclusion of pregnancy disability in private insurance plans will increase the cost of coverage. Consequently, an individual employer should not be required to demonstrate the extent of this increase to him before being able to lawfully exclude pregnancy from his benefit program.

The *Aiello* rationale is in harmony with previous decisions of this Court. That is, on analysis, *Griggs* v. *Duke Power Co.,* 401 U.S. 424 (1971), while frequently cited by plaintiffs in Title VII proceedings, is in accord with the *Aiello* decision and with the positions herein asserted. In *Griggs* the employer required as a condition of employment that applicants have a high school education or that they pass a standardized general intelligence test. These requirements operated to disqualify Blacks at a substantially higher rate than white applicants. Because these requirements were not shown to be related to the successful performance of the job for which the applicants were being considered, the Court held that the employer violated Title VII by maintaining these requirements, even though the employer did not intend to discriminate against Blacks. This Court stated: "If an employer practice which operates to exclude Blacks cannot be shown to be related to job performance, the practice is prohibited." 401 U.S. at 431.

While the Court in *Griggs* found that the requirements *were unrelated to measuring job performance, and, therefore, discriminatory,* the Court stated that nothing in the Act prevents an employer from using tests which relate to job performance, and employers may require applicants to be fit for the job. In *Jefferson* v. *Hackney,* 406 U.S. 535 (1972),[10] the Court

[10] *Jefferson* involved a state's determination to allocate a fixed pool of welfare money by paying AFDC benefits at 75% of need while paying other insurance programs at a higher percentage, e.g., old age assistance at 100% of need and aid to blind at 95% of need. AFDC recipients challenged this determination by alleging racial discrimination, since the proportion of AFDC recipients who were black or Mexican-American was higher than the proportion of aged, blind or disabled welfare recipients who fell within these minority groups. The Court found no invidious discrimination under the Fourteenth Amendment and said racial discrimination was not proven. The Court did not substitute its judgment for the State's determination on how best to allocate the welfare money, even though different policy judgments were possible, because the State's conclusion that the aged and infirm were less able to bear the hardships of an inadequate living standard than were the young AFDC recipients was reasonable.

amplified and interpreted this aspect of *Griggs.* The Court stated (406 U.S. at 549):

> We have, however, upheld the findings of nondiscriminatory purpose in the percentage reductions used by Texas, and have concluded that the variation in percentages is *rationally related* to the purpose of the separate welfare programs. The Court's decision in *Griggs* v. *Duke Power Co.,* 401 U.S. 424 (1971), is therefore inapposite. In *Griggs,* the employment tests having racially discriminatory effects were found not to be job related, and *for that reason were impermissible under the specific language of Title VII of the Civil Rights Act.* Since the Texas procedure challenged here *is related* to the purposes of the welfare program, it *is not* proscribed by Title VI simply because of the variances in the racial composition of different categorical programs. (Emphasis supplied).

In both *Griggs* and *Jefferson* the challenged procedures had racially discriminatory effects. The job testing procedure in *Griggs* violated Title VII because it was not related to job performance. In *Jefferson* the differences in benefit payments did not violate Title VI because it could be reasonably said that these differences in payment were related to the legitimate pur-

poses of the welfare program.[11] *Griggs, Jefferson,* and *Aiello* have an apparent consistency: when conduct challenged as discriminatory has a relationship to legitimate goals, it will not automatically be found to have violated the Constitution or equal opportunity statutes.

Here, just as in *Aiello,* the pregnancy exclusion is reasonably related to the legitimate design of the insurance program. Thus, it must be kept in mind that when an employer has only a finite amount of money to expend on coverage for employees of both sexes, he must be accorded the right to determine how to utilize those funds most effectively for the benefit of all.[12]

Furthermore, while *Griggs* required that employers justify their challenged conduct by showing business necessity, that standard should not be applied in this case. In the first place, *Griggs* involved discrimination

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[11] In *Jefferson,* a Title VI case, the Court utilized a test virtually identical to that employed in *Griggs* involving Title VII to determine the legitimacy of challenged conduct. The logic of this consistency is evident, since whether challenged conduct is related to legitimate objectives is a question of fact, and therefore it is reasonable to employ the identical criteria to resolve this question whether Title VI or VII is involved. Similarly, the question of whether employer conduct amounts to proscribed sex discrimination is first one of fact. Accordingly, it is logically sound to find that prohibited sex discrimination under Title VII can occur only in those circumstances where it would arise under Amendment Fourteen.

[12] *Local 189 United Paper Makers and Paper Workers* v. *United States,* 416 F.2d 980, 992 (CA 5, 1969) quoted in *Newman* v. *Delta Air Lines,* 374 F. Supp. 238, 7 F.E.P. Cases 26 (N.D. Ga., 1973). "[W]hen the defendant's conduct evidences an economic purpose there is no discrimination under Title VII . . ." See also *Hodgson* v. *Behrens Drug Co.,* 475 F.2d 1041 (5th Cir.) *cert. denied,* 414 U.S. 822 (1973), holding that economic benefits to an employer can justify a wage differential between men and women under the FLSA (Section 6(d)(1)).

between *different* races; in the area of pregnancy fringe benefits the sexes are not similarly situated and, as *Aiello* held, and part A of this brief contends, a policy excluding pregnancy benefits does not, therefore, constitute illegal sex discrimination. Second, the effect of the employment requirements in *Griggs* was to deny a large segment of the population of a North Carolina county employment opportunities. These requirements caused discrimination and had a pervasive effect against virtually the entire black population of that county because they did not have the educational background to meet the employer's requirements. Here, just as in *Aiello,* the exclusion from benefit programs of pregnancy benefits adversely affects only a portion of one sex some of the time while at the same time having a salutary effect on members of that sex generally as well as on all other employees. Just as in *Aiello* and unlike *Griggs,* the exclusion here will result in reducing the plan's cost and therefore afford other benefits to both women and men which would be otherwise unavailable.[13]

C. The EEOC's Sex Discrimination Guidelines Are Invalid and Are Entitled to No Weight.

1. Aiello Repudiated These Guidelines.

The *Aiello* opinion indicates that EEOC guidelines that mechanically equate differential treatment of pregnancy with statutorily proscribed sex discrimination are invalid.[14] Thus, the *Aiello* dissent expressly relied upon these guidelines to support *its* contention that the mere exclusion of disabilities inextricably linked to one sex inevitably constitutes sex discrimina-

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[13] See Appendix A to this brief.

[14] Section 1604.10, effective April 5, 1972.

tion. As stated, the majority rejected this argument and instead found that the exclusion of pregnancy does not constitute proscribed sex discrimination, since this exclusion does not affect women in an area where they are similarly circumstanced with men. This finding, applicable to cases arising under Title VII as well as those under the Fourteenth Amendment, in and of itself demonstrates that this Court has repudiated the EEOC's pregnancy guidelines.

Furthermore, the *Aiello* Court observed that the exclusion of pregnancy fostered the State's legitimate interest in establishing a benefit program that would function in accordance with insurance concepts and in maintaining the fiscal integrity of this program. It is transparent from reading the EEOC's guidelines relevant to this case, that *they* do not permit an evaluation of cost considerations in determining whether the exclusion of pregnancy from a disability plan is legitimate. Thus, in finding that distinctions involving pregnancy do not constitute proscribed sex discrimination and that cost considerations are relevant in determining the legality of a pregnancy benefit exclusion, *Aiello* has unequivocally repudiated these guidelines.[15]

2. Independent Considerations Demonstrate These Guidelines Are Invalid.

There are additional reasons wholly apart from those considered by the *Aiello* court that establish the invalidity of the pregnancy guidelines. Thus, the guidelines

[15] As urged, there is nothing in *Aiello* to suggest that cost considerations for excluding pregnancy will be evaluated *only* when a *governmental* benefit plan is involved. Rather, the Court's reference to "insurance concepts" signifies that this Court will consider such matters when a similar exclusion in private plans is involved.

are inconsistent with prior opinions, were not issued when Title VII was enacted, and demonstrate none of the thoughtfullness commonly associated with agency expertise.[16]

a. The Commission's sex discrimination guidelines do not constitute a contemporaneous construction of Title VII.

A brief odyssey through the Commission's pronouncements on fringe benefits and pregnancy is necessary to fully appreciate the explicit inconsistency of the Commission's position.

Between 1966, shortly after Title VII became effective,[17] and 1969 the Commission issued a number of opinions announcing how it would apply Title VII when encountering the issue of fringe benefits and pregnancy. These opinions reveal a consistency of approach to this issue and generally informed employers that *they were not required to provide the same fringe benefits for pregnancy as they provided for illness or injury.*

For example, in an opinion letter, dated November 15, 1966, sixteen months after Title VII became law, the Commission's General Counsel stated:

> Gentlemen:
>
> You state that under your collective bargaining agreement *male and female employees are granted sick leave with pay. Female employees, however,*

[16] These factors commonly have been examined by courts in evaluating the weight to be given to administrative guidelines. *Espinoza* v. *Farah Manufacturing Co., supra; Skidmore, et al.* v. *Swift and Co.*, 323 U.S. 134 (1944); Davis, *Administrative Law Text*, Section 5.03 (1959).

[17] Title VII of the Civil Rights Act of 1964 was enacted on July 2, 1964, with an effective date of July 2, 1965.

are granted maternity leaves without pay; although their services are not terminated. You inquire whether this policy is in compliance with Title VII of the Civil Rights Act of 1964.

The Commission policy with respect to pregnancy does not seek to compare an employer's treatment of illness or injury with his treatment of maternity, since maternity is a temporary disability unique to the female sex and more or less to be anticipated during the working life of most women employees. Accordingly, we believe that to provide substantial equality of employment opportunity for both sexes, there must be special recognition for absence due to pregnancy, and for this reason have stated that, generally speaking, a leave of absence should be granted for pregnancy whether or not it is granted for illness. On the other hand, we do not believe that an employer must provide the same fringe benefits for pregnancy as he provides for illness, and, consequently, it is our view that the policy you describe is not in violation of Title VII.

Sincerely yours,

/s/ CHARLES T. DUNCAN
Charles T. Duncan
General Counsel
(November 15, 1966)
(emphasis supplied) [18]

Within sixteen months after the enactment of Title VII, then, the Commission had advised employers that they need not "provide the same fringe benefits for pregnancy as [they provided] for illness . . ." and that the Commission did not require comparable treatment for illness and pregnancy.

[18] The General Counsel promulgated virtually identical statements in November and December, 1966. See, e.g., CCH Employment Practices 12-21-66, paragraph 17,304.43.

The Commission, still demonstrating consistency, maintained this position through 1969. On June 19, 1969, a representative of the Commission announced that the Commission "views pregnancy as a temporary disability, and has not to date equated it with sickness." The Commission then ruled that an employer *may grant maternity leave without pay even though it provided pay for sick leaves.*[19]

The Commission's consistency came to an abrupt halt on April 5, 1972. Then for the first time the Commission declared in an opinion guideline that pregnancy and illness were the same after all for the purposes of an employer's disability policy.[20] The 1972 opinion, of

[19] CCH, New Developments Paragraph 8804, EEOC Attorney Discusses Sex Discrimination and Fringe Benefits Under Title VII, 1964 Civil Rights Act.

[20] Whether expressed in a guideline, letter or reported investigation of a specific charge, the Commission's statements and views are merely its *opinions* concerning *inter alia* whether particular conduct violated Title VII. Any so called "EEOC decisions" which may concern the subject in question are not, therefore, decisions at all, but merely reported investigations following a charge, and the report contains the investigators' or prosecutors' opinion that "reasonable cause" does or does not exist to believe Title VII has been violated. Moreover, the so called "decisions" have been of even less value than the guidelines. While a guideline is the expression of a current opinion by the administrator on the meaning of the statute, a reported investigation states merely that based on the *facts then present* in that case there is or is not *reasonable cause* to believe that the Act has been violated. Arguments or reasons advanced as the case progresses can alter the opinion, and it is of little guidance unless a subsequent case is factually "on all fours". *Robinson* v. *Lorillard Corporation,* 444 F.2d 791, 801 (CA 4, 1971). Thus, while the arguments in this brief are directed primarily against the Commission's 1972 guideline opinion, these arguments, here and elsewhere, may apply equally to any investigation reports that may represent a change in direction by the Commission.

course, has not been consistently applied for a long period of time because it is only the most recent Commission view on the subject, and because it is totally and remarkably inconsistent with prior opinions issued over the last several years. Moreover, it is these prior opinions, rather than 1972 opinion, that are contemporaneous constructions of Title VII.[21] What weight then can be given to this 1972 opinion? Applying the criteria of consistent application and contemporaneous construction, the answer is, "none". Moreover, the answer does not change when other relevant criteria are applied.

b. The pregnancy guidelines were not issued with the evident thoughtfulness that marks agency expertise.

There is no evidence that the 1972 guidelines were formulated with consideration for alternatives or ramifications.[22] Moreover, when the Commission, after sev-

[21] Since the opinion letters referred to in the test represent contemporaneous interpretations of Title VII and are consistent with each other, it is these letters, rather than the guideline in question that are entitled to judicial deference. *Williams* v. *New Orleans Steamship Assn.*, 341 F. Supp. 613 (E.D. La., 1972); *N.L.R.B.* v. *Boeing Co.*, 412 U.S. 61 (1973).

[22] The pregnancy guidelines are distinguishable from those considered in *Albemarle Paper Co.* v. *Moody*, — U.S. —, 95 S.Ct. 2362 (1975). The guidelines considered in *Albemarle* were found to have drawn upon the professional standards of test validation established by the American Psychological Association.

Here, by contrast, the guidelines at issue were promulgated without expert advice or outside testimony. Thus, the Commission did not hold public hearings concerning the impact of the new guidelines on the business community. See Deposition of Ms. Sonia P. Fuentes, Chief of the Legislative Counsel Division of the Commission when the new guidelines were published. An abstract

eral years of consistently applying the Act, abruptly changed its interpretation and consequent application of the Act, it must prove clearly and convincingly that its new interpretation is justified by a change in Congressional policy or by new facts not previously in existence.[23] Only if it meets this explicit proof burden is its new opinion entitled to any judicial consideraton. The Commission has offered no such proof here. Indeed, its astonishing and erratic shift belies its obvious claim of expertise.

This much, then, is now clear. In evaluating the weight to give an agency's opinion as to the meaning of a statute, the courts commonly consider a variety of factors. When the Commission's 1972 guidelines concerning fringe benefits and pregnancy are viewed in light of these factors, it is clear that these guidelines are entitled to neither weight nor deference.

After promulgating the challenged guidelines, the Commission apparently hoped to rely upon *Griggs* to

of this deposition appears in the Brief for Delta Air Lines at 25, 26 in *Cohen* v. *Chesterfield County School Board*, 414 U.S. 632 (1974).

Public hearings appear to be mandated by the APA, § 4, 5 U.S.C. § 553 (1970), where, as here, a governmental agency substantially changes its position, even though the Commission in what appears to be an effort to escape such hearings, characterized its guidelines as "interpretative" rather than substantive rules. *Columbia Broadcasting Sys., Inc.* v. *U.S.*, 316 U.S. 407, 416 (1942). Since the Commission exceeded its power by promulgating these guidelines without public hearing, this Court should disregard them.

[23] *Newman* v. *Delta Air Lines, Inc., supra.* There, the court held that the guideline here in question was not binding on the court because there appeared to be no factual basis upon which the guideline was drawn. The court also found that the denial of employment benefits to employees on maternity leave did not violate Title VII.

secure prompt judicial approval. However, *Griggs* is distinguishable and, indeed, supports the view that the guidelines in question are entitled to no weight. In the first place, the statement by the Court in *Griggs* that agency guidelines were entitled to "great deference" (401 U.S. at 433-34) must not be overvalued, but rather should be confined to the facts of that case. As the Sixth Circuit observed in *Espinoza* v. *Farah Mfg. Co.*, 462 F.2d 1331, 1334 (1972):

> In Griggs, the Court found that "(s)ince the Act and its legislative history support the Commission's construction, this affords good reason to treat the guidelines as expressing the will of Congress." 401 U.S. at 434. Moreover, in that case the Court made an independent analysis of the pertinent legislative history and decided that "the conclusion is inescapable that the EEOC's construction.... comports with Congressional intent." 401 U.S. at 436

Espinoza adopted the logic of this statement.

Here, unlike *Griggs* and contrary to the court below, there is no evidence whatever that Congress intended an employer to provide fringe benefits for pregnancy on the same terms as he provides benefits for illness or to treat these distinct conditions in the same manner.[24]

[24] There was little or no legislative history on sex discrimination. *Newman* v. *Delta Air Lines, Inc., supra.* However, Congress had ample precedent had it desired to require an employer to treat pregnancy and illness in the same manner. In 1968, considering the Railroad Unemployment Insurance Act of 1946, Congress amended the definition of a day of sickness in that Act to include with respect to "a female employee, a calendar day on which because of pregnancy, miscarriage, or the birth of a child (i) she is unable to work or (ii) working would be injurious to her health." (45 U.S.C. 351(k)(z)).

It is apparent, therefore, that had Congress desired to amend the Civil Rights Act in 1972 or at any time to require employers to treat pregnancy and illness in a similar manner when formulating or implementing benefit programs, Congress would have enacted such an amendment. See footnote 4, *supra.*

Indeed, inasmuch as the legislative history of subsequent legislation is accorded weight in determining intendment of earlier legislation involving the same subject (*Glidden Company* v. *Zdanok*, 370 U.S. 530, 541 (1962)), Congressional commentaries encompassing the ERA are relevant here. These commentaries demonstrate that in fashioning the ERA, Congress did not intend to preclude regulations based upon the unique physical characteristics of one sex. (H.R. Rep. No. 92-359, 92nd Cong., 1st Sess. 7 (1971), S. Rep. No. 92-689, 92nd Cong., 1st Sess. 12 (1972), 117 Cong. Rec. H 9368 (daily ed. Oct. 12, 1971). Accordingly, it may be presumed that Congress does not intend to foreclose the regulation of pregnancy benefits by employers or brand exclusion of these benefits from insurance plans as unlawful sex discrimination.

In addition, when *Griggs* was decided the Commission did not have prosecutorial powers. These powers were accorded to the Commission on March 24, 1972. Yet while giving these new prosecutorial powers to the Commission, Congress did not accord to the Commission the power to make substantive law. The relevant legislative history leaves room for no reasonable doubt, since in Section 713(a) of Title VII (42 U.S.C. 2000e-2000e-12(a)), the word "procedural" was inserted by amendment on the floor of the House to make clear that the Commission did not have the power to make substantive regulations. 110 Cong. Rec. 2575.

The Commission was rather required to prosecute its cases in a federal district court, and it is the courts that are to interpret the Civil Rights Act and apply the law. There is no doubt that Congress can bestow upon an agency the power to make substantive law. The National Labor Relations Board is an example of an agency to which Congress has given the power to make such law. See 29 U.S.C. § 151 *et seq.* Within the statutory framework of the National Labor Rela-

tions Act, the General Counsel and the Board itself have the power to create a substantial body of labor law and courts have justifiably deferred to the Board's expertise.[25] Because the Commission has not been given the power to create substantive law, its guidelines may now inform the public of what the prosecutor considers illegal, but there is no reason for a court to accord the prosecutor's views a special sanctity or to view them as a body of law having binding force. The Commission's opinions are just that—its view of what constitutes illegal conduct—and a court should treat them as nothing else. The Commission, like the Justice Department, has been accorded only prosecutorial functions, and like the Justice Department cannot fashion the law it elects to present. This is the fundamental distinction between agencies given only prosecutorial roles and those, such as the National Labor Relations Board, to which Congress has given adjudicative and regulatory functions as well as prosecutorial duties. When dealing with the Commission in its new prosecutorial function, the court has the ultimate responsibility to determine the law and it must not abdicate this responsibility to the prosecutor by deference to his guidelines.

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[25] The Board's rules concerning what constitutes an effective contract bar to a representation election are one example.

CONCLUSION

For all the foregoing reasons, the *amicus* urges that the Court reverse the decision of the court below.

Respectfully submitted,

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APPENDIX

APPENDIX A

The Chamber has learned of the following facts and presents them to this court for its consideration.

The Health Insurance Association of America and the American Life Insurance Association, representing approximately 500 life and health insurance companies and accounting for approximately 90% of the total private health and life insurance programs in force in the United States, have stated:

> Under a typical disability income plan with an average group of employees [assuming 38% to 40% are women], the addition of a disability income benefit to cover maternity absences would result in an additional cost to the employer of about 40 to 50 percent of his current costs for the plan. (Joint comments filed in response to a proposal by the Office of Federal Contract Compliance to require that federal contractors provide disability benefits for workers absent from work due to pregnancy, 38 Fed. Reg. 35336-35338 (December 27, 1973); Comment at 9 (February 11, 1974) (Reply brief for Appellant, page 18, *Geduldig* v. *Aiello*, *supra*.

The experience of one major employer, American Telephone and Telegraph Company, confirms the validity of the foregoing statement. Based upon its calculations, considering the average salary and seniority of eligible women, costs for disability benefits would have been increased by $15,762,663 in 1970-71 and $19,037,330 in 1971-72 if pregnancy had been covered. These estimates include only basic disability costs and exclude such wage related costs as social security, pension, health insurance, etc. The estimate assumes an average pregnancy disability of eight weeks. Costs would have increased respectively to $32,739,007 and $39,539,070 if payment for the full average maternity leave period of five and one-half months had occurred.

Moreover, if pregnancy had been included in the survey years, 21% of the total days for which disability payments

were made would have been attributable to 5% of the eligible women or 2.5% of the employer's working force. No other disability group, even considering both sexes, could generate such a great number of disability days for which benefits would be paid. (Page 11 in Brief of American Telephone and Telegraph Company as *amicus curiae* in *Geduldig* v. *Aiello, supra.*)

The State of California's experience under its unemployment insurance code is consistent with the foregoing. Women presently receive $1.27 in benefits for each $1.00 contributed while men receive $.80. The addition of benefits for normal pregnancy, assuming that contributions did not increase nor benefits decrease, would cause the female benefit rate to increase to $2.33 while the male rate would remain at $.80. (According to the State, in order to preserve the fiscal integrity of its program, contributions would have to increase or benefits decrease; in either event the benefit ratio between men and women would remain the same.) The experience of the State of Hawaii is similar. Coverage of pregnancy under the State's disability program has caused disability premiums for females to increase from $4.00 per month to $8.76 per month. (Reply brief for the Appellant, pages 17-21 in *Geduldig* v. *Aiello, supra.*)